

STATE OF SOUTH CAROLINA

(Caption of Case)

Application of Total Environmental Solutions, Inc.
for Approval of Customer Agreement and Related
Responsibilities, Rates and Charges

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET
NUMBER: 2007 - 359 - W/S

(Please type or print)

Submitted by: John F. Beach

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DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition

☐ Request for item to be placed on Commission's Agenda
expeditiously

☐ Other:

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input checked="" type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input checked="" type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other: _____	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other: _____	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		

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ELLIS:LAWHORNE

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January 24, 2008

FILED ELECTRONICALLY AND ORIGINAL VIA 1st CLASS MAIL

The Honorable Charles L.A. Terreni
Chief Clerk
South Carolina Public Service Commission
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Application of Total Environmental Solutions, Inc. for Approval of
Customer Agreement and Related Responsibilities, Rates and Charges
Docket No. 2007-359-W/S, Our File No. 557-11368

Dear Mr. Terreni:

Enclosed is the original and one copy of the one copy of the **Testimony of Bill Schoening** filed on behalf of Total Environmental Solutions, Inc. ("TESI") in the above-referenced docket.

Please acknowledge your receipt of this document by file-stamping the copy of this letter enclosed, and returning it in the enclosed envelope.

If you have any questions or need additional information, please do not hesitate to contact me.

Very truly yours,



John F. Beach

JFB/cr

cc: Florence Belser, Esquire (via electronic and first-class mail service)
Frank Rogers Ellerbe, III, Esquire (via electronic and first-class mail service)
Julie McIntyre, Esquire (via electronic and first-class mail service)
Mr. Bill Schoening (via electronic and first-class mail service)

Enclosures

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STATE OF SOUTH CAROLINA
BEFORE THE PUBLIC SERVICE COMMISSION

DOCKET NO. 2007- 359-W/S

IN RE:

Application of Total Environmental
Solutions, Inc. for Approval of Customer
Agreement and Related Responsibilities,
Rates and Charges

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TESTIMONY OF BILL SCHOENING

**Q. PLEASE STATE YOUR NAME, BUSINESS AFFILIATION, AND
HISTORY WITH THE APPLICANT.**

A. My name is Bill Schoening. I am the Chief Executive Officer of Total Environmental Solutions, Inc. (TESI), a wholly owned subsidiary of South Louisiana Electric Cooperative Association (SLECA). I began managing TESI's water and wastewater systems shortly after TESI was created in 1999. I took my current position as Chief Executive Office around March, 2007, upon the retirement of Paul Maeder.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of TESI.

Q. PLEASE STATE THE PURPOSE OF YOUR TESTIMONY.

A. My testimony is given in support of TESI's Application for Approval of a Customer Agreement and Related Responsibilities, Rates and Charges in South Carolina. Specifically, TESI seeks approval of the arrangements set forth in the September 12, 2007 Consent Agreement between the South Carolina Department of Health and Environmental Control ("DHEC") and TESI related to the repair

1 and maintenance of grinder pumps in Foxwood Hills (the "Consent Agreement" -
2 attached as Exhibit A to the Application), along with the Agreement Between
3 Total Environmental Solutions, Inc. and Property Owner/Customer attached to
4 that Consent Agreement as Attachment A, as modified by the Agreement
5 Between Total Environmental Solutions Inc. and Property Owner attached to this
6 testimony as **Exhibit 1** (the "Property Owner Agreement").

7 **Q. WHO IS TESI?**

8 A. TESI is a Louisiana corporation that was incorporated on July 27, 1999, for the
9 principal, but not exclusive, purpose of owning and operating water and
10 wastewater facilities. TESI is a public utility currently authorized to provide
11 water and wastewater services in Oconee County South Carolina under the
12 jurisdiction of the Public Service Commission of South Carolina ("Commission").
13 The Commission has previously approved a schedule of TESI's current rates and
14 charges for water and wastewater service in Docket No. 2004-90-W/S by way of
15 Order No. 2006-292(A) dated May 6, 2006.

16 **Q. HAVE YOU FILED ANY TESTIMONY BEFORE THIS COMMISSION IN**
17 **THE PAST?**

18 A. Yes. I filed testimony in support of TESI's application for approval of transfer
19 when TESI purchased the Foxwood Hills system, Docket No. 2000-441-W/S and
20 the TESI's application for approval of new rates and charges filed in 2004,
21 Docket No. 2004-90-W/S.

22 **Q. COULD YOU GIVE A BRIEF HISTORY OF THE FOXWOOD HILLS**
23 **WATER AND WASTEWATER SYSTEMS?**

1 A. Yes. The Foxwood Hills resort community is located in Oconee County on Lake
2 Hartwell. Mountain Bay Estates Utility Company ("Mountain Bay") was created
3 around 1977 by the original developer of Foxwood Hills to provide water and
4 wastewater services to that community.

5 During 1999, Mountain Bay's parent company, Johnson Properties, was
6 placed into an involuntary bankruptcy which included Mountain Bay and all other
7 Johnson Properties subsidiaries. This was the third sequential bankruptcy
8 involving owners of the Foxwood Hills water and wastewater systems. Shortly
9 thereafter, Johnson Properties' majority shareholder, Glenn Johnson, was
10 imprisoned in a federal penitentiary for crimes related to his running of the water
11 and sewer utilities he and Johnson Properties owned in approximately six states.¹

12 TESI bid upon the right to purchase certain of the Johnson Properties assets as
13 part of the bankruptcy liquidation. These assets included the Foxwood water and
14 sewer systems.

15 **Q. WAS TESI THE SUCCESSFUL BIDDER IN THE JOHNSON**
16 **PROPERTIES BANKRUPTCY CASE?**

17 A. Yes, effective December 23, 2000, TESI purchased substantially all of the water
18 and wastewater assets of Johnson Properties in six states including South
19 Carolina. The Commission approved the transfer of the South Carolina assets to
20 TESI on October 10, 2000 in Docket No. 2000-441-W/S, Order No. 2000-824.

21 **Q. APPROXIMATELY HOW MANY WASTEWATER CUSTOMERS DOES**
22 **TESI HAVE IN THE STATE OF SOUTH CAROLINA?**

23 A. TESI serves approximately 546 wastewater customers in Foxwood Hills.

¹ None of the crimes was directly related to Johnson's South Carolina operations.

1
2 **Q. CAN YOU DESCRIBE THE WASTEWATER COLLECTION SYSTEM**
3 **(“WWCS”) IN PLACE AT FOXWOOD HILLS?**

4 A. Yes, the Foxwood WWCS consists of gravity sewer lines, low pressure force
5 mains, and a number of lift stations. Portions of the WWCS are designed so that
6 certain customers connect to the WWCS at “low pressure” lines buried under or
7 near streets within Foxwood Hills. Approximately 259 of such customers have
8 “grinder pump stations” located on their property, in-line between the customer’s
9 home and TESI’s low pressure lines.

10 **Q. WHAT DOES THE EVIDENCE INDICATE WITH REGARD TO WHO**
11 **OWNS THE GRINDER PUMPS WITHIN FOXWOOD HILLS?**

12 A. TESI’s purchase of the Mountain Bay assets was part of a larger purchase of other
13 Johnson Properties-related assets encompassing 248 water and sewer facilities in
14 six (6) states. The paperwork for certain purchased systems in other states
15 specifically listed grinder pumps as part of their assets. In fact, in one state, the
16 utility owned the grinder pumps in certain systems and the property owners
17 owned the grinder pumps in other systems. There was absolutely no evidence in
18 the asset schedules or in any of the other Mountain Bay records that Mountain
19 Bay ever owned any grinder pumps within Foxwood Hills. Based upon this and
20 discussions with people familiar with Mountain Bay’s history, it was clear that
21 TESI did not take ownership of any grinder pumps within Foxwood Hills, and
22 that all of those grinder pumps are currently owned by the customers and/or
23 homeowners on whose land the grinder pumps are situated.

1 **Q. HOW HAVE TESI AND ITS CUSTOMERS TREATED THE**
2 **OWNERSHIP OF GRINDER PUMPS WITHIN FOXWOOD HILLS SINCE**
3 **TESI BEGAN TO OPERATE THAT SYSTEM?**

4 A. Since TESI began to provide water and sewer service at Foxwood Hills, it has
5 operated the Foxwood WWCS pursuant to the mutual understanding that all
6 grinder pumps are owned by the property owners, and that repair and maintenance
7 of the grinder pumps is and has been the property owners', and not TESI's,
8 obligation.

9 **Q. WHAT HAPPENED TO CAUSE TESI TO VOLUNTARILY OFFER TO**
10 **REPAIR AND MAINTAIN CERTAIN GRINDER PUMPS WITHIN**
11 **FOXWOOD HILLS UNDER THE CONDITIONS SET FORTH IN THIS**
12 **APPLICATION?**

13 A. Around April 10, 2006, DHEC staff informed TESI of a Foxwood customer
14 complaint related to the operation, repair and maintenance of that customer's
15 grinder pump. TESI informed DHEC that the customer owned this grinder pump,
16 and was responsible for the repair and maintenance thereof. While expressly
17 preserving this position, TESI replaced the customer's grinder pump in an effort
18 to assist DHEC with this problem, and the customer reimbursed TESI for the
19 related cost.

20 This occurrence led to a series of negotiations between TESI and DHEC
21 staff toward establishing who had the regulatory responsibility for repair and
22 maintenance of these grinder pumps. The negotiations were initially
23 unsuccessful. When TESI and DHEC staff could not reach an agreement

1 regarding repair and maintenance of grinder pumps in Foxwood Hills, DHEC
2 staff issued Administrative Order No. 07-123-W ("Administrative Order") on or
3 about February 27, 2007.

4 TESI contested the Administrative Order's underlying conclusion that
5 TESI owned and was responsible for the repair and maintenance of grinder pumps
6 in Foxwood Hills, and requested a Final Review Conference before the Board of
7 Health and Environmental Control ("DHEC Board") on that issue. After hearing
8 the positions of TESI and DHEC staff, on May 24, 2007 the DHEC Board issued
9 its Final Agency Decision (the "DHEC Board Order") vacating Administrative
10 Order No. 07-023-W and remanding the matter to DHEC staff with instructions
11 for the Parties to attempt to enter into an agreement through which Foxwood
12 grinder pumps might be repaired and maintained going forward.

13 DHEC and TESI negotiated pursuant to the DHEC Board Order and, on
14 September 12, 2007, came to an agreement that is embodied in the Consent
15 Agreement. In this Consent Agreement, DHEC and TESI lay out a detailed plan
16 through which TESI may ultimately undertake the regulatory responsibility for
17 the repair and maintenance of certain current and future grinder pumps located on
18 customer properties in Foxwood Hills.

19 **Q. WHAT DOES THE PROPERTY OWNER AGREEMENT ACCOMPLISH?**

20 A. The Property Owner Agreement establishes that TESI will repair and maintain the
21 grinder pump owned by the signing property owner. The Agreement provides
22 TESI with an easement and right of way necessary for TESI to enter the owner's
23 property for repair and maintenance. The agreement sets forth certain obligations

1 of the property owner, such as to provide and maintain adequate electrical power
2 to the grinder pump at all times, to notify TESI in the event of a malfunction, etc.

3 The Agreement requires TESI to have all work performed by third party
4 contractors in a workmanlike fashion, sets forth certain notice requirements that
5 TESI must observe when work is necessary, and requires TESI to present to the
6 Property Owner an invoice for all costs, including parts and third party labor,
7 expended by the third party contractor(s) in the performance of the work. The
8 Agreement requires the Property Owner to pay TESI the invoiced amount within
9 thirty (30) days.

10 **Q. DOES TESI MAKE A PROFIT, OR DIRECTLY RECOVER FOR ITS**
11 **OWN PERSONNEL AND OVERHEAD COSTS ASSOCIATED WITH**
12 **THIS ARRANGEMENT?**

13 A. No, the arrangement is specifically designed so that it is a pure pass-through for
14 TESI. The property owner will only be required to reimburse TESI for the
15 amount that the third party contractor actually charges for the work. While TESI
16 will clearly incur personnel and overhead costs in managing this process, it will
17 absorb those as normal operating costs and only seek to recover them as part of
18 any future rate proceeding.

19 **Q. DOES TESI PROPOSE TO ADD CERTAIN LANGUAGE TO THE**
20 **TERMS OF SERVICE PORTION OF ITS APPROVED TARIFF**
21 **RELATED TO ALL GRINDER PUMPS WITHIN FOXWOOD HILLS?**

22 A. Yes. TESI seeks Commission approval to add the following language to the
23 Terms of Service portion of TESI's approved tariff:

1 From time to time the Utility will provide information to customers
2 with grinder pumps regarding proper grinder pump operation and
3 maintenance. This information will, among other things, set forth the
4 customer's responsibility to provide adequate and uninterrupted
5 electrical service to his or her grinder pump, and will include a list of
6 substances that the customer should not introduce into the Utility's
7 wastewater system. This information will be available at the Utility's
8 office within Foxwood Hills during regular business hours, and will
9 also be provided to the each applicable new customer when they
10 initially sign up for service.
11

12 **Q. WHAT IS THE PURPOSE OF THIS LANGUAGE?**

13 A. TESI believes that, while repair and maintenance are important, avoiding grinder
14 pump malfunctions altogether will best serve TESI's customers. Avoiding
15 grinder pump malfunctions provides this benefit regardless of whether TESI or
16 the property owner is repairing and maintaining them. To that end, TESI will
17 provide all grinder pump owners with information clearly setting forth TESI's
18 customer responsibilities with regard to grinder pumps. These will include
19 responsibilities such as to provide an uninterrupted electrical supply to the pump,
20 to refrain from flushing non-biodegradable substances such as sand or certain
21 types of kitty litter down toilets, to notify TESI when a pump either alarms or
22 otherwise malfunctions, etc.

23 **Q. HAS TESI WORKED WITH THE OFFICE OF REGULATORY STAFF**
24 **(“ORS”) AND THE FOXWOOD HILLS PROPERTY OWNERS**
25 **ASSOCIATION (“POA”) WITH REGARD TO THIS PROCEEDING IN**
26 **GENERAL AND THE LANGUAGE IN THE AGREEMENT IN**
27 **PARTICULAR?**

28 A. Yes, TESI has worked diligently with both the ORS and the POA. Based upon

1 this work, the parties have agreed to certain improvements to the original Property
2 Owner Agreement that TESI filed with its application. I have attached as **Exhibit**
3 **1** to this testimony the revised Property Owner Agreement. This Agreement
4 contains important revisions that help to clarify the respective rights and
5 obligations of TESI and the Property Owner. We believe that the Agreement still
6 accomplishes the purposes set forth in the Consent Agreement, but it is improved
7 in several ways.

8 **Q. HAVE THE ORS AND/OR THE POA AGREED TO SUPPORT TESI'S**
9 **APPLICATION, BASED UPON THIS REVISED PROPERTY OWNER**
10 **AGREEMENT?**

11 A. I will let both of these parties express their exact position to the Commission.
12 However, it is my understanding that the ORS has agreed to the revised Property
13 Owner Agreement. It is my further understanding that the POA is working
14 through the appropriate process in an effort to officially support a resolution of
15 this application along the lines that TESI has proposed in this testimony.

16 **Q. IF THE COMMISSION APPROVES THE PROPERTY OWNER**
17 **AGREEMENT AND THE ARRANGEMENT SET FORTH IN THE**
18 **CONSENT AGREEMENT, HOW WILL TESI PROCEED?**

19 A. If the Commission approves this application and the related Property Owner
20 Agreement, TESI and DHEC will, within forty five (45) days of that approval,
21 meet with the homeowners in Foxwood Hills served by applicable residential
22 grinder pumps and explain the terms of approved Property Owner Agreement,
23 along with the related ownership requirements, financial responsibilities, and

1 procedures for notification of any malfunctions.

2 Following that meeting with the affected property owners, TESI will
3 exercise due diligence to obtain a signed Property Owner Agreement from each
4 customer at Foxwood Hills served by an applicable residential grinder pump. If
5 TESI does not receive a signed Agreement with any such customer, TESI will
6 promptly inform DHEC's Region I-Anderson Office. With regard to new
7 customers, TESI will offer the approved Property Owner Agreement to each
8 prospective new customer to be served by an applicable residential grinder pump
9 as part of the new customer's application process. TESI will exercise due
10 diligence to obtain a signed Approved Property Owner Agreement from each
11 applicable new customer. If TESI is does not receive a signed Agreement with
12 any such customer, TESI will promptly inform DHEC's Region I-Anderson
13 Office. TESI will secure customer signatures on all Property Owner Agreements
14 that it can within ninety (90) days of the Commission's final approval of this
15 application. TESI will provide DHEC with a list of customers who decide not to
16 sign an Agreement and the apparent reason the customer decided not to sign.

17 **Q. WHAT HAPPENS AT THE END OF THE NINETY (90) DAY PERIOD?**

18 A. At the end of this ninety (90) day period, TESI and DHEC have agreed that TESI
19 will then be responsible to repair and maintain all current and future grinder
20 pumps for which TESI has received a signed Property Owner Agreement. In the
21 event TESI, after its best efforts, does not receive fully executed Property Owner
22 Agreements from particular customers, TESI and DHEC have agreed that TESI
23 will then be responsible to *oversee* those customers' repair, maintenance and/or

1 replacement of the grinder pumps, but TESI will not effectuate the repairs and
2 maintenance itself.

3 **Q. HAS THE POA EXPRESSED ANY CONCERN OVER THIS**
4 **ARRANGEMENT?**

5 A. Yes, after TESI filed this application the POA informed us that many of its
6 members want to continue their current practice of maintaining their own grinder
7 pumps. They expressed concern that TESI was trying to force *all* applicable
8 Property Owners to sign the Agreement.

9 **Q. IS TESI TRYING TO FORCE ANY PROPERTY OWNERS TO SIGN THE**
10 **AGREEMENT?**

11 A. Absolutely not. TESI has generally been very pleased with the way in which
12 property owners within Foxwood Hills have historically undertaken this
13 responsibility. TESI wants it to be completely clear that all property owners,
14 including both existing and new customers, are free to decline the Property Owner
15 Agreement. Those customers who decline will continue to repair and maintain
16 their own grinder pumps as they have done in the past.

17 **Q. HAVE TESI AND DHEC AGREED THAT CERTAIN GRINDER PUMPS**
18 **WITHIN FOXWOOD HILLS WILL NOT BE GOVERNED UNDER THE**
19 **ARRANGEMENT SET FORTH IN THIS PROCEEDING IN ANY**
20 **EVENT?**

21 A. Yes. In the Consent Agreement, TESI and DHEC expressly recognize that certain
22 grinder pumps located on two types of customer properties within Foxwood Hills
23 are not governed by the Consent Agreement and are, therefore, not a subject of

1 this Application.

2 First, certain grinder pumps are connected to the Foxwood WWCS gravity
3 lines, rather than TESI's low pressure lines. DHEC has taken the position that
4 such grinder pumps will continue to be the sole responsibility of the respective
5 customers that they serve, and not of TESI. TESI will not seek Property Owner
6 Agreements with these customers.

7 Second, Kinston Manor and Villas of Foxwood condominiums, located
8 within the Foxwood Hills subdivision, are served by twenty five (25) grinder
9 pumps located on those property owners' property and connected to the Foxwood
10 WWCS at TESI's low pressure lines. DHEC and TESI agree that the Kinston
11 Manor Association and Villas of Foxwood Hills Association own these grinder
12 pumps, and have the sole regulatory obligation to operate, repair, and maintain
13 them. See *DHEC Consent Order No. 02-191-W between SC Department of*
14 *Health and Environmental Control, Kinston Manor Association and Villas of*
15 *Foxwood Hills Association*. TESI will not seek Property Owner Agreements with
16 these customers.

17 **Q. IF TESI WERE FORCED TO TAKE ON THE RESPONSIBILITY TO**
18 **REPAIR AND MAINTAIN GRINDER PUMPS WITHIN FOXWOOD**
19 **HILLS WITHOUT THE SAFEGUARDS SET FORTH IN THIS**
20 **APPLICATION, WHAT EFFECT WOULD THAT HAVE?**

21 A. Taking on this responsibility without the safeguards set forth herein would be
22 both financially and operationally disastrous to TESI. Such an arrangement
23 would work directly against the public convenience and necessity.

1 **Q. DOES THE ARRANGEMENT PROPOSED BY TESI IN THIS**
2 **APPLICATION SERVE THE PUBLIC CONVENIENCE AND**
3 **NECESSITY?**

4 A. Yes, it does. The proposed arrangement gives DHEC the certainty it needs with
5 regard to who or what entity is responsible for the proper repair and maintenance
6 of each grinder pump within Foxwood Hills. This arrangement provides
7 Foxwood Hills property owners who wish for TESI to repair and maintain their
8 grinder pumps with a financially and operationally fair method for doing so.
9 Finally, the arrangement allows property owners to freely continue repairing and
10 maintaining their grinder pumps if that is their preference.

11 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12 A. Yes, it does.

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IN RE:

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TESTIMONY OF BILL SCHOENING

EXHIBIT 1

**AGREEMENT BETWEEN
TOTAL ENVIRONMENTAL SOLUTIONS, INC.
AND PROPERTY OWNER**

This Agreement is hereby entered into on this the _____ day of _____, 20__ between _____ (“Property Owner”), the record owner of Lot #____, Section _____ of Foxwood Hills Subdivision, Oconee County, South Carolina (the “Property”), and Total Environmental Solutions, Inc. (“TESI” or the “Utility”), a licensed utility company in the State of South Carolina. (Property Owner and TESI collectively referred to herein as the “Parties”)

WHEREAS TESI provides sewer service at the Property within Foxwood Hills; and

WHEREAS a grinder pump is located on the Property, and a home on the Property connects to the Foxwood wastewater collection system (“WWCS”) at a low pressure line owned by TESI; and

WHEREAS the Parties wish to enter into this Agreement in order to establish TESI’s right to access the Property to repair and maintain the grinder pump, and set forth the Parties’ respective rights and obligations with regard to the operation, repair, and maintenance of the grinder pump;

THEREFORE, for good and valuable consideration, including the mutual promises set forth herein, TESI and the Property Owner agree as follows:

EASEMENT AND RIGHT OF WAY

1. Property Owner warrants that he or she is the owner of record for the Property, and is legally authorized and entitled to enter into this Agreement.

2. Property Owner hereby grants and conveys to the Utility an easement and right of way on, over and across the Property necessary for the Utility to repair and maintain the grinder pump, as set forth herein. This easement and right of way includes extending to the Utility, its agents, servants, and employees, the right to enter upon the Property at any and all times to the extent necessary to maintain, repair, and/or replace the grinder pump station located thereon.

3. Property Owner agrees and warrants to immediately notify the Utility in writing in the event the Property Owner intends to sell or lease the Property and, in any event, Property Owner shall notify the Utility in writing at least ten (10) days prior to closing on said sale or entering into said lease, identifying the purchaser or lessee, including his or her full name, address, and telephone number. Property Owner also agrees to provide the purchaser and/or lessee with a copy of this Agreement at least ten (10) days prior to closing or entering into said lease.

4. In the event the Property Owner leases the Property and said lessee becomes the customer of the Utility in lieu of the Property Owner, Property Owner will provide a copy of this Agreement to the lessee at least ten (10) days prior lessee's occupation of the Property. In the event that Property Owner leases the Property, Property Owner will still retain its obligations under this Agreement, but will notify Lessee that he or she is leasing the property subject to the easement and right of way and all other applicable obligations set forth herein.

PROPERTY OWNER OBLIGATIONS

1. In the case of new construction that includes the installation of a grinder pump:

- a. Property Owner will submit its plan for the grinder pump installation to the Utility for approval prior to installation;
 - b. Utility will specify the pump size and type necessary to adequately serve the Property;
 - c. Utility will specify the proper design and installation of the grinder pump, check valves, alarm or other warning device, electrical service, service line, inspection ports, and other appurtenances necessary to adequately serve the Property (collectively, the “grinder pump system”);
2. Property Owner shall provide and maintain, and/or insure that Lessee provides and maintains, adequate electrical power to the grinder pump at all times.
3. Property Owner shall assure the Utility all ingress to and egress from and around the Property necessary for inspection and repair purposes, and shall inform any Lessee that he or she, in leasing the Property, also undertakes such obligations.
4. Property Owner shall not introduce non-biodegradable or harmful products, including those specified by the Utility, into Customer’s sewer lines leading to the grinder pump, and shall inform any Lessee that he or she, in leasing the Property, also undertakes such obligations.
5. Property Owner shall immediately notify the Utility in the event of a spill or other malfunction of the grinder pump and shall inform any Lessee that he or she, in leasing the Property, also undertakes such obligations.
6. Property Owner shall bear the cost of any repair or maintenance of the grinder pump, as more fully set forth below.

In the event that the Utility determines, in its sole discretion, that any portion of the Property Owner's grinder pump system is in need of repair, maintenance, and/or replacement, the Utility shall have such work performed by one or more third party contractor in a timely and workmanlike fashion.

In the event that the work described in the preceding paragraph will cost \$250 or less, then the Utility will have the work performed as necessary. In the event that such work will cost more than \$250, the Utility will attempt to contact the Property Owner to determine if the Property Owner desires for the Utility to proceed with the repair, maintenance, and/or repair of the grinder pump system. If in the Utility's sole discretion the situation constitutes an emergency (i.e., sewage being released to the environment or a release is imminent, fire hazard, safety hazard, etc.), the Utility may immediately disconnect the customer's water and sewer service lines from the Utility system and contact the Property Owner before proceeding to have the work completed by the contractor. If the Utility is unsuccessful in its attempt to reach the Property Owner, then the Utility may proceed with the disconnection of the customer's water and sewer service lines from the Utility system (if warranted) and contact the Property Owner before proceeding to have the work completed by the contractor. The Property Owner will notify the Utility in writing whether to repair the system immediately or refrain from proceeding with the work. In the event the Property Owner decides for the Utility to refrain, the Utility shall continue the Property Owner's disconnection from the system until the Property Owner notifies the Utility in writing to proceed.

Upon completion of such work, the Utility shall present to the Property Owner an invoice for all costs, including parts and third party labor, expended by the third party

contractor(s) in the performance of such work. The Property Owner agrees that he or she shall pay the Utility the amount set forth on the subject invoice within thirty (30) days of the date of the invoice.

In the event that Property Owner or any Lessee fails to perform any of their obligations under this Agreement Utility shall have the right to terminate water and sewer service to the Property in accordance with the requirements and procedures established by the South Carolina Public Service Commission.

UTILITY OBLIGATIONS

1. In exchange for the right and obligations set forth herein, the Utility shall be directly responsible for the repair and maintenance of the subject grinder pump system.
2. Utility agrees to repair and maintain the grinder pump system and keep it in operation as follows:
 - a. Installation of individual pumps and associated appurtenances will be under the supervision of the Utility.
 - b. Effluent piping from grinder pump to collection tap will be under the supervision of the Utility.
 - c. The Utility shall maintain at Foxwood Hills a grinder pump inventory, currently approved model, of 2% of the total number of pumps subject to an Agreement between the customer and the Utility, but not in any event less than one (1).

- d. Utility shall specify the currently approved model grinder pump, which the Property Owner may obtain from the Utility, the pump manufacturer, or any third party distributor approved for warranty purposes by the pump manufacturer.

The Property Owner and the Utility shall be subject to all other rules, regulations, and tariff provisions otherwise applicable to Utility's provision of water and sewer service to the Property Owner. To the extent that any of the provisions set forth herein conflict with such other rules, regulations, and tariffs, the provisions of this Agreement shall govern.

This Agreement entered into this _____ day of _____,
200__.

PROPERTY OWNER

TOTAL ENVIRONMENTAL SOLUTIONS, INC.

STATE OF SOUTH CAROLINA
BEFORE THE PUBLIC SERVICE COMMISSION

DOCKET NO. 2007- 359-W/S

IN RE:

Application of Total Environmental
Solutions, Inc. for Approval of Customer
Agreement and Related Responsibilities,
Rates and Charges

)
)
)
) **TESTIMONY OF BILL SCHOENING**
)

This is to certify that I have caused to be served this day, one (1) copy of the **Testimony of Bill Schoening** by placing a copy of same in the care and custody of the United States Postal Service (unless otherwise specified), with proper first-class postage affixed hereto and addressed as follows:

Frank Rogers Ellerbe, III
Robinson McFadden & Moore, PC
PO Box 944
Columbia SC 29202

Florence Belser, Esquire
General Counsel
Office of Regulatory Staff
Legal Department
PO Box 11263
Columbia SC 29211

Julie F. McIntyre, Esquire
Legal Department
SC Department of Health & Environmental Control
2600 Bull St.
Columbia SC 29201



Carol Roof
Paralegal

January 24, 2008
Columbia, South Carolina